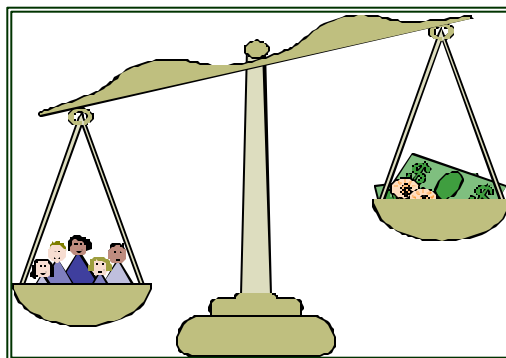


CLOSING THE GAP IN THE 2003-2004 BUDGET

The Budget Department projected a \$196 million problem in December, at the start of the 2003-04 budget development process

- Increased contributions to the Police/Fire pension and to the General Retirement System, due to down markets and actuarial assessment (\$88 million)
- Increase in salary and wage costs, due to anticipated pay raises and special adjustments (\$28 million)
- Increase in hospitalization and other fringe cost (\$34 million)
- Reduced income tax revenues, due to rate rollback and poor economy (\$23 million)
- Reduction in State Revenue Sharing, due to the State's cutbacks (\$21 million)
- Increase in other items (\$2 million)



The Mayor was forced to take some drastic steps to close this gap and present a balanced budget

- Departmental Cut Plans including the elimination of 851 positions resulting in 193 staff layoffs, consolidation of 6 recreation centers and other efficiency savings (\$78 million)
- Restructuring of Debt (\$83 million)
- Interest from GDRRA reserve (\$10 million)
- Increase in delinquent income and property and income tax collections (\$24 million)
- Other saving items including reduction in employee travel accounts (\$1 million)

